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Mortgage Apps Managed to Improve Despite Rate Spike

Mortgage activity increased slightly during the week ended February 1. The Mortgage Bankers Association (MBA) says its Market Composite index, a measure of application volume, rose a modest 0.7 percent on a seasonally adjusted basis, and was up 4.0 percent unadjusted. **Activity has been strong** since the first of the year; the index has posted three weekly gains averaging 5.63 percent, offset by a 2.6 percent decline during the week ended January 26.

The **Refinance** Index gained 1 percent compared to the previous week and the seasonally adjusted Purchase Index was unchanged. The unadjusted **Purchase** Index was 7 percent higher week-over-week and 8 percent above its level during the same week in 2017.

Refi Index vs 30yr Fixed

Purchase Index vs 30yr Fixed

As interest rates rise, the composition of applications continues to gradually change. The **refinance share** of total applications declined for the fourth consecutive week. It is at the lowest level since last July at 46.4 percent, down from 47.8 percent the week before. The share of applications that were for adjustable rate mortgages (ARMs) increased to 6.1 percent of total applications after hitting a 14-month low of 5.0 percent during the week ended January 5.

FHA loans had a 10.4 percent share of the applications submitted during the week, down from 10.7 percent the previous week and the USDA portion dipped to 0.7 percent from 0.8 percent. The VA share was unchanged at 10.1 percent.

Significant increases in interest **rates** during the week affected both contract and effective quotes for fixed rate mortgage products. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances of \$453,100 or less reached the highest level since April 2014, 4.50 percent, up from 4.41 percent a week earlier. Points increased to 0.57 from 0.56.

Recent Housing Data

		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

Rates for **jumbo** FRM, loans with balances larger than the conforming rate, surged 13 basis points, also reaching the highest level since April 2014, 4.47 percent. Points increased to 0.44 from 0.40.

The 30-year FRM backed by the **FHA** saw rates increased to 4.47 percent from 4.40 percent. Points rose to 0.69 from 0.68.

Fifteen-year FRM rates were at the highest level in seven years; 3.91 percent with 0.65 point. The prior week the rate was 3.85 percent with 0.60 point.

There was a slight easing in rates for **adjustable** products. The average contract interest rate for 5/1 ARMs decreased to 3.77 percent from 3.79 percent, with points increasing to 0.42 from 0.41.

MBA's Weekly Mortgage Applications Survey has been conducted since 1990 and covers over 75 percent of all U.S. retail residential mortgage applications. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and interest rate information is based on loans with an 80 percent loan-to-value ratio and points that include the origination fee.

Experience and Service

I absolutely love seeing the faces of new homeowners when they have their keys handed to them for the first time! Helping people achieve their dream of homeownership drives me to be my best every day. Honesty and transparency from day one through closing provide the foundation for client trust. I pride myself on providing my clients with the knowledge, experience, and creativity to make informed decisions when buying a home or an investment property.

My clients continually reward me with referrals citing customer service and comfort with the process. By ensuring my clients understand their decisions rather than simply 'do as I say,' they feel empowered and confident each step of the way. I believe in clients-for-life and that begins with the first phone call, reinforced by a successful transaction, and solidified with service after sale.

Currently licensed in Nevada and Arizona, I have been successfully financing residential real estate throughout the USA for the past 15 years using FHA, VA, Conventional, as well as Portfolio funds. Call now to get started!

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